

## Section 2: The Cooperative Agreement Process

### 2.0 INTRODUCTION

This section identifies uniform procedures for developing an application for a CA under the DSMOA Program. The procedures described in this section are intended to encourage consistency, create efficiencies, and simplify the process of developing a CA from the installation level up to the head office of the DoD Components. Through these procedures, the CA will reflect actual cleanup and program activities at installations, create a common vision of cleanup, and coordinate State and federal budget cycles. (**Appendix A** provides an overview of the DoD budget process).

This Guide will:

- Define the relationships necessary to build the CA from the installation level up to Components' Headquarters
- Define eligibility requirements
- Define costs for the CA
- List and explain the steps in preparing the CA
- Identify the responsibilities of all parties in the preparation of the CA
- Identify and refer to examples of CA forms

### 2.1 RELATIONSHIPS

The primary goal of the States and DoD Components at all DoD installations is to expeditiously respond to and remediate environmental contamination in a manner that is protective of human health and the environment. This goal is predicated upon maintaining mutual trust through an open, team approach between State and DoD installation representatives. Day-to-day field-level tasks through overall program missions must be developed and mutually understood. This approach begins with the sharing of information between the State and DoD upon identification of environmental restoration issues at DoD installations.

A State's CA is developed through continual, mutual planning between State and DoD project managers from initiation of the installation cleanup through site close out. Although site work plans and a State's CA will be developed by those individuals most knowledgeable of the installation, it is understood that estimates of current and future work load and funding are likely to change frequently.

### 2.2 ELIGIBILITY

Under the DSMOA Program, a State must apply for a CA in order to obtain reimbursement for its services in support of the federal cleanup at DoD installations. **Appendix B** provides a list of forms that comprise the application package. Copies of the forms may be downloaded from the Internet locations provided in **Appendix C**. A State must have signed a DSMOA in order to be eligible to apply for a CA under the DSMOA Program.

The DSMOA is negotiated with HQUACE, DoD's agent for managing the program, and signed by the Deputy Under Secretary of Defense, Environmental Security. Further information regarding DSMOA's may be obtained from HQUACE.

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### Eligible Installations

States can obtain reimbursement through the CA for support of environmental restoration only at installations listed on the Attachment A to their DSMOA. HQUSACE will add installations to the Attachment A at the written request of the State or the DoD Components, following mutual concurrence. Installations on the Attachment A must be undergoing or planning to undergo environmental restoration funded through the Defense Environmental Restoration Program (DERP), or the Base Realignment and Closure (BRAC) Program. Installations conducting environmental activities other than restoration which are funded through sources other than restoration dollars are not eligible under the DSMOA/CA framework.

Normally, installations will not be deleted from the Attachment A. Where States and Components have determined that cleanup has been completed, a notation to that effect will appear on the Attachment A. Accordingly, the Attachment A will be a record of installations where eligibility has been and is valid.

### Eligible State Services

Services conducted by the State that are eligible for reimbursement under the CA are listed, by category, in the State's DSMOA. Policy statements may be issued periodically by HQUSACE on behalf of DoD to clarify the eligibility of activities.

## 2.3 DETERMINING STATE'S COSTS

The State's cost to provide services in support of the federal environmental restoration program is made up of the following:

- Direct salary costs
- Other direct costs
- Direct program support costs
- Agency indirect costs

In the CA application, each of these costs must be shown for each DoD Component and funding program, specifying DERP or BRAC round.

**Direct Salary Costs** -- Costs of hours worked and other benefits required by law to be paid to, or on behalf of, employees working on behalf of a DoD installation.

Examples include the costs of hours expended by engineers, geologists, hydrogeologists, environmental scientists, toxicologists, and public information officers.

**Other Direct Costs** -- Costs incurred as a direct result of the work of agency staff on behalf of an installation.

Examples include the costs of travel, printing and publishing of documents, purchase or rental of equipment, laboratory services, contractor services, and any other direct costs related to a specific installation.

**Direct Program Support Costs** -- Non-site-specific direct program costs necessary to support the State's ability to implement an environmental restoration program.

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Examples include the costs of general program management and supervision; participation in conferences, seminars, or work groups related to site cleanup; policy development; clerical support; computer support and database management; and development of CAs.

**Agency Indirect Costs** -- Additional overhead costs calculated using the indirect rate approved by the federal cognizant agency for that State. For most states, this federal agency is the U. S. Environmental Protection Agency.

### 2.4 SIX-STEP PROCESS FOR PREPARING THE COOPERATIVE AGREEMENT

The six steps described below, and presented in a time-table format on pages 2-6 and 2-7, are listed in the order in which they usually would occur. A CA normally will cover a two-year period, from July 1 of YEAR 1 through June 30 of YEAR 2.

Step one should begin approximately one year before the beginning of YEAR 1 of the new CA. If a State is late in submitting its application, or unable to adjust its fiscal accounting procedures to accommodate the schedule, HQUSACE may, at its discretion, make the CA effective from July 1, or make necessary adjustments to the CA period.

The intent of the six-step process below is to build a coherent CA for a specified two-year period based on the direct technical efforts mutually agreed upon by responsible managers representing the installation and the State.

#### Step 1

The designated representative of the State, e.g., the State's project manager (SPM), notifies the installation's environmental restoration project manager (IPM) that the State is starting to prepare its next CA application. SPM and IPM are terms used for the purposes of this document only. They are further defined in the Glossary, **Appendix D**.

#### Step 2

For each installation, the SPM and IPM, together, create a joint CA execution plan covering YEAR 1 and YEAR 2 of the CA. This joint CA execution plan is to be based on the installation's schedule of planned activities, coordinated with guidance from a higher Components command, to accomplish environmental restoration under DERP or BRAC during that period. This joint CA execution plan usually will refer to the entire installation. In unusual circumstances, the SPM and IPM may decide to develop separate plans for specific site(s) on an installation.

The recommended format for the joint CA execution plan, entitled "Two-Year Joint CA Execution Plan", is identified in **Appendix E**. Alternative formats, such as schedules, charts, or narratives, are acceptable, but the basic information shown in Appendix E should be included.

**Appendix E** contains annotations under each heading in the plan to indicate the type of information and level of detail that is expected in a plan.

Because of the ongoing partnering and assistance to the installation in preparing cleanup milestones and schedules, the SPM should have an understanding of the budget requirements

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for the installation's cleanup activities during the CA period. If the relationship between the SPM and IPM has not yet matured to that extent, the IPM should provide general budget information, if not specific numbers, to the SPM to assist the SPM in understanding the magnitude of planned projects and the recurring review of changes in costs.

The SPM and the IPM then, together, identify and agree upon the work to be accomplished by the installation and the State during YEAR 1 and YEAR 2 of the next CA. Limits on State resources may become apparent at this time, and their impacts discussed. The SPM and IPM verify their discussions and agreement by jointly signing the form shown in **Appendix E**, or an alternative form that is similarly signed. Note that because of the large number of FUDS located in some States, the SPM and IPM may elect to consolidate plans for groups of FUDS on one form.

The resulting joint CA execution plan for YEAR 1 and YEAR 2 becomes the basis for the new CA.

Coincident with the planning for YEAR 1 and YEAR 2, the SPM and IPM will discuss and agree on anticipated plans for YEAR 3 through YEAR 6. A generalized summary of activities anticipated for this period will also be agreed upon, and a form, entitled "Out-Years Description of Work", like that in **Appendix F**, will be signed by both the SPM and IPM. Although plans for YEAR 3 through YEAR 6 may not be well defined, and conditions may change, it is still extremely important that the installation share with the State the prevailing thoughts for these out-years. Using the best information available at the time, these out-year plans will show trends for the future DSMOA Program useful in overall DoD planning.

The signatures of the SPM and IPM on the "Two-Year Joint CA Execution Plan" and on the "Out-Years Description of Work" validate a mutual understanding of the best estimate of the work anticipated in the future. All stakeholders understand that, as a result of the dynamic nature of environmental restoration, federal budgets, and State resource capacities, these estimates of work probably will change, especially for the out-years. The SPM and IPM will maintain communications, and notify each other when significant changes are anticipated.

### Step 3

The SPM submits the work plans from Step 2 to the State CA administrator. The State CA administrator calculates the State's costs for accomplishing support of environmental restoration at each installation under the terms of the DSMOA. The calculation of costs is in accordance with Section 2.3 of this guide.

### Step 4

The State CA administrator provides a summary of the State's estimated costs for each installation for YEAR 1, and YEAR 2, plus, in less detail, for YEAR 3, YEAR 4, YEAR 5, and YEAR 6 to the appropriate DoD Component's representative(s) selected from the list in **Appendix G**. The summary of costs for each installation should be accompanied by copies of the signed plans for each installation from Step 2. The DoD Components representatives will review the State's costs in relation to the joint CA execution plans.

The State also may submit supporting documentation showing how State costs were derived. In any case, the DoD Component's representative has the option to request installation-specific clarifications or additional information, as needed to understand the costs submitted. This

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additional information is known as “Back-up Data”. Formats for State presentation of Back-up Data should include, for each installation, lines for total costs by FTE’s or Hours, and all administrative costs. **Appendix H** provides a sample of a Back-up Data Worksheet.

Any differences of opinion on costs should be resolved during Step 4. Following a successful review, the DoD Components representative will concur with the State’s costs. States and DoD Components will notify HQUSACE, immediately, if concurrence cannot be attained.

### Step 5

The State prepares its CA application by filling out the forms listed in **Appendix B**, and then submits them as a package to HQUSACE for processing.

These forms include tables of costs for each DoD Components broken out by funding program (DERP or BRAC) in detail for YEAR 1 and YEAR 2 on DSMOA Form A, and in general for YEAR 3, YEAR 4, YEAR 5, and YEAR 6 on DSMOA Form A. A summary of costs for each Components for YEAR 1 and YEAR 2 separately, and YEARS 3-6 together is to be shown on DSMOA Form B. Data from these tables also will be used to predict future funding needs for and determine the direction of the DSMOA Program. These future funding needs will become part of the federal budget, as explained in Appendix A.

HQUSACE obtains final concurrence for the CA from the DoD Components.

### Step 6

The DoD Components provide funding for YEAR 1 of the CA to HQUSACE. Funding should be provided in February, prior to the beginning of YEAR 1. Upon receipt of funding, HQUSACE prepares a letter approving the CA application from each State, and obligating funds for reimbursement of State DSMOA-eligible activities. This letter formally completes the CA between the State and DoD.

The CA consists, then, of two parts: the CA application and the CA approval letter. Any amendments to the CA can be made by way of revisions to the approval letter.

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### The Six-Step Cooperative Agreement Process (Page 1 of 2)

Step	Timing	Objective	Responsibility	Products or Outcomes	Reference
1	June - July	To initiate the development of the CA package  To notify the Components that the state is starting its two-year CA application process	<b>State Designated Representative (e.g. SPM)</b> Contact the installation representative (e.g. IPM) designated by each Component	Scheduled meeting	Not applicable
2	June - August	To develop (for each installation) a joint CA execution plan for YEAR 1, YEAR 2 and out-years description of work for YEARS 3-6 that identify installation activities and State services in response to those activities.	<b>IPM and SPM together</b> (1) Create a joint CA execution plan for YEAR 1 and YEAR 2 based on the installation's schedule of planned environmental restoration activities. (2) The joint plan identifies milestones for the installation and corresponding actions by the State. (3) Create a narrative out years description of work for YEARS 3-6 combined (4) IPM and SPM sign plans and out years descriptions signifying that they have been jointly prepared.	(1) Two-Year Joint CA Execution Plan (signed jointly)  (2) Out-Years Description of Work for YEAR 3 through YEAR 6 combined (signed jointly)  (3) Copies retained by SPM and IPM	(1) Appendix E  (2) Appendix F
3	September - October	To develop the CA budget	<b>State Grant Administrator</b> (1) Calculate the costs of providing direct technical and program support on the basis of the agreements reached in Step 2, with the results of the calculations recorded on the backup worksheet  <b>Note:</b> States are to develop and maintain backup data for all summary costs, in accordance with OMB Circular A-87, "Cost Principles for State and Local Governments"  (2) Prepare the draft cost summary for State services for YEAR 1, YEAR 2, YEAR 3, YEAR 4, YEAR 5, YEAR 6	(1) Estimated cost of State services for YEAR 1 and YEAR 2, with backup worksheet  (2) Estimated cost of State services for YEAR 3, YEAR 4, YEAR 5, YEAR 6	Appendix H

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### The Six-Step Cooperative Agreement Process (Page 2 of 2)

Step	Timing	Objective	Responsibility	Products or Outcomes	Reference
4	October – November	To promote understandings of the CA budget on the part of both the State and the Component  NOTE: The process can be formal or informal with the purpose of sharing information, providing clarification, and forming an agreement .	<b>SPM</b> Provide detailed cost information by installation for YEAR 1 and YEAR 2, and general estimates for YEAR 3, YEAR 4, YEAR 5, and YEAR 6.  <b>IPM and/or Higher DoD Component Commands</b> Review costs for reasonableness.  <b>HQUSACE</b> Assist the State and Component should a disagreement occur.	Discussion and agreement on the reasonableness of the State costs for YEAR 1 and YEAR 2, and YEARS 3-6	Appendix G and Appendix H
5	January	To prepare the CA application and submit it to HQUSACE	<b>State Grant Administrator</b> Assemble the CA application package and submit it to HQUSACE for processing	CA application	Appendix B
6	March – June*	To notify the state of approval of the CA application and provide funding for YEAR 1	<b>DoD Components</b> Provide final approval of funding levels Forward funds to HQUSACE no earlier than March  <b>HQUSACE</b> (1) Prepare a letter approving the CA, and obligating funds (2) Forward the signed letter to the representative of the state no earlier than April	Letter approving the CA and the funding for the period July 1 through June 30 of YEAR 1	Appendix G

\* originally February- April